

24-243

LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into this 30th day of October, 1973, by and between UNITED STATES RAILWAY LEASING COMPANY, an Illinois corporation (hereinafter called "United" and GEORGIA-PACIFIC CORPORATION, a Georgia corporation and its subsidiaries (hereinafter jointly and severally called "G-P").

G-P desires to lease from United certain railroad cars upon the terms and conditions hereinafter set forth.

THEREFORE, G-P and United hereby agree as follows:

1. Lease of Cars. United agrees to lease to G-P and G-P agree to lease from United that number of railroad cars of the type, construction and other description of railroad cars (hereinafter referred to collectively as "Cars" and singularly as "Car") as set forth in Exhibit "A" attached hereto and by this reference made a part hereof. The Cars covered by this Agreement are those which are or shall be delivered to and accepted by G-P pursuant to Paragraph 2 and 3 hereof. The Agreement shall become effective for any Car immediately upon acceptance thereof by G-P pursuant to Paragraph 3 hereof.

2. Delivery of Cars. United shall deliver Cars as promptly as reasonably possible from time to time in groups of no fewer than two. United shall not be responsible for failure to deliver or delay in delivering Cars due to casualties and contingencies beyond its direct control, including but not limited to labor strikes or pickets, fire, delays and defaults of carriers and car and material suppliers; provided, however, that in no event shall G-P be obligated to accept delivery of Cars after December 1. Except as otherwise permitted in Paragraph 3 hereof, initial delivery shall be free on track (f. o. t.) Ft. Bragg, California. From and after acceptance

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a Car and until termination of this Agreement with regard to such Car pursuant to Paragraphs 16 and 17, G-P shall be liable for and shall pay or reimburse United for the payment of all costs, charges and expenses of any kind whatsoever on account of or relating to switching, demurrage detention, storage, transportation or movement of a Car, including but not limited to, freight and switching charges for movement to the custody of United at Blue Island, Illinois, for the purpose of returning Cars pursuant to Paragraph 17 hereof.

3. Acceptance of Cars. All Cars delivered hereunder shall be in satisfactory condition for movement in the normal interchange of rail traffic and shall otherwise comply with the description, specifications or each of them contained in Exhibit "A". G-P shall be solely responsible for determining that Cars are in proper condition for loading and shipment. Within five (5) days after United has given G-P notice that some or all Cars are ready for delivery, G-P may have its authorized representative inspect such Cars at Eugene, Oregon, and there accept or reject such Cars. Cars so inspected and accepted and any Cars which G-P does not elect to inspect shall, upon delivery thereof to G-P as above provided, be conclusively deemed to meet all requirements of this Agreement.

4. Use and Possession. Throughout the continuance of this Agreement and as long as G-P is not in default hereunder, G-P shall be entitled to possession of each Car from the date this Agreement becomes effective for each Car and shall use such Car exclusively in its own service for the transportation of plywood, wood, gypsum composition or other similar building products or as may otherwise be provided herein on its own property or line, upon the lines of any railroad or other person, firm or corporation in the usual interchange of traffic provided that all such use shall conform to the then current Code of Rules adopted by the Association of America Railroads (hereinafter called "AAR Rules") and to the terms and

conditions of this Agreement; and provided further, that at all times the Cars shall be used only in the continental limits of the United States of America or in Canada and in a reasonably prudent manner for the purposes and in the manner for which such Cars were designed.

5. Term - Average Date. This Agreement shall be for a term (hereinafter referred to as the "original term") which shall commence on the date of delivery by United of the first Car, as provided in Paragraph hereof, and shall terminate five (5) years from the Average Date of Delivery unless sooner terminated in accordance with the provisions of this Agreement. The Average Date of Delivery shall be determined after delivery of the Cars as follows:

(a) Multiply the number of Cars delivered by United on each day by the number of days elapsed between such day and the date of delivery of the first Car hereunder, then add all of the products so obtained and divide by the total number of Cars so delivered; the quotient rounded out to the nearest whole number shall be added to the date of delivery of the first Car, and the resulting date shall constitute the Average Date of Delivery.

(b) The date on which delivery of a Car shall be deemed to have been made will be the day following delivery of the Car to G-P, as specified in Paragraph 2. A Car shall be conclusively deemed delivered to G-P on the earliest date shown in either of the following: (i) a delivery receipt or other writing acknowledging acceptance of a Car signed by G-P pursuant to Paragraph 3 hereof; or (ii) the lapse of five (5) days after United has given G-P notice of delivery of a Car pursuant to Paragraph 3 hereof.

6. Rental. The amount of rental G-P shall pay to United for ea

Car during the original term from and including the date of delivery of such Car hereunder shall be the sum of \$320.00 per Car per month. Payment of such rental shall be made as follows:

(a) Rental sums due hereunder shall be assessed against G-P by United on or before the 15th day of each month succeeding the month for which such rental is accrued.

(b) United shall be entitled to all mileage payment allowance accruals due, owing and disclosed by railroad records for each car during the term hereof. All such mileage payment allowance accruals actually received by United during an accounting period shall be credited to a mileage payment allowance account maintained by United in respect of this Agreement.

Payments recorded in such account shall be offset pro tanto against, and only against, rental then or thereafter due from G-P hereunder; provided, however, that (i) the total of such credits during the term of this lease shall in no event exceed the total rent payable by G-P; (ii) all credits unused at the end of each accounting period over and above the amount necessary to establish and maintain a reserve equal to two months' rental for the cars shall be cancelled; and (iii) all credits unused at the expiration or termination of the lease shall be cancelled.

The term "Accounting Period" shall mean each consecutive period of 12 months commencing with the average date of delivery as defined in Paragraph 5 hereof and any period of less than 12 months during which time this lease shall expire or terminate.

G-P agrees insofar as possible to use the cars so that their mileage under load shall be equal to their mileage empty on each railroad on which the cars shall move. Upon notice from any railroad whether received prior to or after termination of this lease, Lessee shall pay United as additional rental for all excess empty mileage incurred on cars at the rate established by the applicable railroad tariff.

(c) The rental provided for in this Paragraph 6 is comprised of

a "Constant Factor" of \$280.00 plus a "Maintenance Factor" determined as follows: the Maintenance Factor shall initially be \$40.00 per Car per month, which amount is based upon a per hour general labor rate established by the AAR of \$12.27 (the "Basic Rate") in effect as at the date hereof for freight car repair operations. If the AAR general labor rate established and in effect upon the expiration of each sixty (60) month period from and after the date hereof (the "Prevailing Rate") shall differ from the Basic Rate, the Maintenance Factor shall be adjusted to be the product obtained by multiplying the initial Maintenance Factor by a fraction, the numerator of which is the Prevailing Rate and the denominator of which is the Basic Rate; and the per Car rental shall be revised to be the sum of the Constant Factor and the adjusted Maintenance Factor. Any such adjustment shall be instituted by written notice ("Adjustment Notice") from United to G-P and shall take effect with respect to rents coming due next after the date of such notice, provided, however, that no adjustment shall be made which would reduce the Maintenance Factor below the initial Maintenance Factor. Notwithstanding the foregoing, if G-P shall be served with an Adjustment Notice having the effect of increasing the rents thereafter payable hereunder, G-P may, in lieu of paying such increased rents, elect by notice in writing to United ten (10) days after receipt of an Adjustment Notice to itself perform or cause to be performed all Repair Work to Cars as defined in and required by Paragraph 9 (a) and (b) hereof, and, upon such election, the rents thereafter payable per Car shall be and remain only in the amount of the Constant Factor; and G-P shall thereafter be obligated,

at its own expense, to perform, or cause to be performed, all such Repair Work, and United shall be released from and indemnified against all responsibility, cost and expense therefor.

(d) Excess miles. G-P shall pay to United the sum of one and one-half cents (\$0.015) per mile for each mile traveled by a Car in excess of 40,000 miles (Excess Miles) in each lease year. At any time that the Maintenance Factor shall be increased as provided in Paragraph 6(c) hereof, the sum provided in this Paragraph 6(d) to be paid for Excess Miles shall be increased by the same percentage of increase by which the Maintenance Factor was adjusted.

7. Payment. G-P shall make payment of all sums due hereunder to United in Chicago funds at its offices located at 2200 East Devon Avenue Des Plaines, Illinois 60018, or such other place as United may direct. Rental payments shall be made on or before the 15th day of each month succeeding the month for which such rental is due hereunder.

8. Title. United has or will have title to the Cars at the time they are delivered hereunder to G-P and G-P shall not, by reason of this Agreement or any action taken hereunder, acquire or have any right or title in Cars except the rights herein expressly granted to it as Lessee.

9. Repairs. (a) G-P shall make or cause to be made at its sole cost and expense all repairs and maintenance to Cars and replacement of parts for Cars which repair, maintenance or replacement is required by reason of damage or other condition caused by negligence of G-P, anyone other than a handling railroad or by loading or unloading of any commodity other than the kind set forth in Paragraph 4 hereof.

(b) Except as provided in Paragraph (a) hereof, United shall be responsible for maintaining and repairing Cars furnished hereunder in accordance with requirements of AAR Rules, regulations of the United States Department of Transportation or the Interstate Commerce Commission, applicable rules and regulations of Federal and State authorities having jurisdiction over Cars and for any other repair, replacement of parts or maintenance to Cars. United, at its own cost and expense, may require G-P to return Cars for preventive maintenance work or repairs and may withdraw from this Agreement any Car which it reasonably deems uneconomical to maintain or repair. G-P shall pay one-half of all switching costs assessed against United for such withdrawal and United upon demand by G-P shall furnish records substantiating such switching costs.

10. Substitution of Cars. United may, at any time and from time to time, replace any Cars withdrawn from service as above provided or which are lost, stolen or destroyed as provided in Paragraph 16 hereof with Cars of like or similar specifications and such replacement Cars shall be deemed to be subject to any and all terms and conditions of this Agreement as if such Cars had been originally delivered to G-P at the time and in the place of Cars for which they are substituted. G-P and United shall execute written amendments to this Agreement and such other or further documents as may be required by either of them to evidence the withdrawal and release of any such Cars, or to include any substituted Cars within the terms and provisions of this Agreement and of any other document under which United or G-P has assigned its rights hereunder pursuant to Paragraph 19 hereof.

11. Abatement of Rent. Rental payments on any Car out of service for maintenance or repair work shall abate from the fifth (5th) day after such Car has been placed in any railroad or car shop for service until such Car or a substituted Car is returned to service by G-P, by delivery to G-P or to a railroad for the account of G-P; provided, however, that rental payments on any Car out of service for maintenance or repair work shall abate from the fifth (5th) day after United has required G-P to return such Car pursuant to Paragraph 9 (b) hereof. Rental shall not abate on a Car out of service by reason of repairs, maintenance or replacement for which G-P is responsible under Paragraph 9(a) hereof. In the event rental is so abated, then if United so elects and notwithstanding anything contained in Paragraph 5 to the contrary, the original term of this Lease, as determined in Paragraph 5, shall be extended as to such Car for a period of time equivalent to that during which rental was abated.

12. Taxes. United shall pay all property taxes properly levied upon or measured by Cars or upon the mileage thereon and will file all property tax reports relating thereto. Except as otherwise provided in this Paragraph 12, United shall also pay taxes levied against the Cars by federal, state or other governmental authority. G-P shall be responsible for all sales and use taxes levied against Cars.

13. Liens. G-P shall keep the Cars free from any encumbrance or liens which may be cloud upon or otherwise affect United's title there and which arise out of any suit involving G-P or any act, omission or failure of G-P and G-P's failure to comply with the provisions of this Agreement. G-P shall promptly discharge any such lien, encumbrance, or legal process.

14. Indemnification. Except where liability under AAR Rules is imposed on a handling railroad or other party who has agreed to be bound by such rules, G-P agrees to indemnify United and save it harmless from any charge, loss, claim, suit, expense or liability which United may suffer or incur and which arises in connection with the use or operation by G-P or its consignee. United agrees to indemnify G-P and save it harmless against any loss, cost or expense arising out of or on account of the use of Cars by G-P except as otherwise provided herein if such loss, cost or expense arises out of the negligent act or omission of United, including but not limited to negligent acts or omissions of United in the manufacture, repair or maintenance of Cars, and also for any incorporation by United upon delivery of a Car or upon the making of repairs thereto by United or any invention or the infringement of any patents, unless such invention was used or incorporated by reason of G-P's specifications. The indemnities and assumptions of liability herein contained shall survive the termination of this Agreement. United or G-P, upon learning of same, shall give the other party prompt notice of any claim or liability hereby indemnified against.

15. Lettering. Except for renewal and maintenance of lettering which exists when a Car is delivered to G-P and for additional lettering indicating the rights of any assignee of United or G-P, or that the Car is loaned to G-P or to a sublessee in accordance with demurrage tariffs, no lettering or marking shall be placed upon any Cars by G-P except upon written direction or consent of United.

16. Loss, Theft or Destruction of Cars. In the event any Car is stolen, lost, destroyed or damaged beyond economical repair, G-P shall promptly and fully inform United of such occurrence. Except when such

loss, theft or destruction occurs under circumstances entitling United to payment for such Car from a handling railroad or other party under and pursuant to AAR Rules, G-P shall, upon demand by United, promptly make payment to United under such Rules if such loss, theft or destruction of Cars, parts thereof or appurtenances thereto furnished hereunder are caused by the negligence of G-P or its consignee, or if such loss, theft or destruction is insurable by G-P. G-P shall cooperate with United and take any and all action required to assist and enable United to receive payment directly from any handling line or other person, firm or corporation bound to make payment under AAR Rules. This Agreement shall terminate with respect to any Car which is lost, stolen, destroyed or damaged beyond repair on the date United shall receive notice of such event from G-P. G-P shall have no further liability to United hereunder except such as arises or exists under Paragraphs 6, 11, 12, 13 and 14.

17. Return of Cars. Upon the expiration or upon termination of this Agreement with respect to any Car, other than pursuant to Paragraph 16 hereof, G-P shall at its sole cost and expense forthwith surrender possession of such Car to United free of residue and in good condition, ordinary wear and tear excepted, by delivering such Car to United at its plant at Blue Island, Illinois; Atlanta, Georgia or Washington, Indiana, as United may direct. Until the delivery of possession to United pursuant to this Paragraph 17, G-P shall continue to pay rental at the rate provided herein and G-P shall, in addition, make such other payments and keep all obligations and undertakings required of it under the terms and provisions of this Agreement as if such termination or expiration had not occurred.

18. Default. If G-P shall fail to make any payment required hereunder within thirty (30) days after same shall have become due or shall default or fail for a period of thirty (30) days in the due observance or performance of any covenant, condition or agreement required to be observed or performed on its part hereunder, or a proceeding shall have been commenced by or against G-P under any bankruptcy laws, Federal or State, or other laws for the appointment of a receiver, assignee or trustee of G-P or its property, or G-P shall make a general assignment for the benefit of creditors, then and in any of said events United may at its election terminate this Agreement by written notice to such effect, and retake the Cars and thereafter recover any and all damages sustained by reason of G-P's default in addition to all rental unpaid as of said date, or may without terminating the Agreement repossess the Cars and relet same and if, after paying all expenses of retaking and reletting the Cars, the amount so realized will not satisfy the rentals reserved in this Agreement G-P agrees that it will pay any such deficiency from time to time upon demand from United. The obligation to pay such deficiency or any sum or sums due and unpaid or any damages suffered by reason of G-P's default hereunder shall survive the termination of the Agreement and the retaking of the Cars.

19. Sublease and Assignment. The right to assign this Agreement by either G-P or United and G-P's right to sublease shall exist only as follows:

- (a) G-P shall have no right to assign, sublease or loan any Cars without the written consent of United; provided, however, that G-P shall have the right to sublease any Cars for single trips within the continental limits of the United States or Canada to its customers or suppliers where the

sole purpose for such sublease is to obtain exemption for demurrage on the subleased Cars and; provided further, that in the event the mileage payment allowances presently payable by using railroads should be reduced by 10% or more, G-P may assign all its rights hereunder to any of its owned or affiliated railroads. Any such sublease or assignment shall be upon terms which are in compliance with the provisions of all applicable AAR Rules, tariffs, regulations, laws and all terms and conditions of this Agreement.

(b) All rights of United hereunder may be assigned, pledged, mortgaged, transferred, or otherwise disposed of either in whole or in part with or without notice to G-P; provided, however, that if such assignment, pledge, mortgage, transfer or other disposition is not incidental to a financing indenture then it shall be made to a party reasonably competent to fulfill United's obligation hereunder. This Agreement and G-P's rights hereunder are and shall be subject and subordinate to any chattel mortgage, security agreement or equipment trust covering Cars heretofore or hereafter created by United. If United shall have given written notice to G-P stating the identity and post office address of any assignee entitled to receive future rentals and any other sums payable to G-P hereunder, G-P shall thereafter make such payments to the designated assignee and shall be relieved from any other obligation to United for such payments unless and until additional written instructions are received from United.

The making of any such assignment or sublease by G-P or the assignmer United shall not serve to relieve either from any liability or undertaking hereunder nor to impose any liability or undertaking hereunder upon any such assignee or sublessee except as otherwise provided herein or unless expressly assumed in writing by such sublessee or assignee.

20. Opinion of Counsel. Upon request of United or its assignee any time or times, G-P will deliver to United an opinion of the General Counsel for G-P addressed to United or its assignee which opinion shall be to the effect that:

(a) G-P is a corporation duly organized and validly existing in good standing under the laws of the State of its incorporation and has corporate power to enter into this Agreement and carry out its obligations hereunder.

(b) This Agreement constitutes a legal, valid and binding obligation of G-P, enforceable in accordance with its terms.

(c) Cars which are then subject to this Agreement are held by G-P under and subject to the provisions hereof prior to any lien, charge or encumbrance in favor of any party claiming by, through or under G-P and all such Cars were, upon delivery to G-P, in condition satisfactory to G-P and were accepted by G-P in accordance with terms of this Agreement.

(d) No governmental authorization or approval is necessary in connection with this Agreement or any action contemplated hereunder.

21. Notice. Any notice required or permitted to be given pursuant to the terms of this Agreement shall be properly given when forwarded certified United States mail, return receipt requested, postage prepaid addressed:

To United: United States Railway Leasing Company
2200 E. Devon Avenue
Des Plaines, Illinois 60018

To G-P: Georgia-Pacific Corporation
900 S. W. Fifth Avenue
Portland, Oregon 97204

provided that the addresses hereinabove specified may be changed by either party hereto giving written notice thereof to the other pursuant to this Paragraph.

22. Governing Law. The terms of this Agreement shall be construed and interpreted under and all respective rights and duties of the parties shall be governed by the laws of the State of Oregon. The terms of this Agreement and the rights and obligations of the parties hereto may not be changed or terminated orally, but only by agreement in writing signed by the party against whom enforcement of such change or termination is sought.

23. Entire Agreement. The terms and provisions of this Agreement constitute the entire Agreement between the parties and shall supersede all previous communications, representations, conditions, warranties or agreements, either verbal or written between G-P and United with respect to the subject matter hereof. This Agreement may not be enlarged, modified or altered except in writing signed by both parties. All proposals, negotiations, representations or agreements made prior and with reference to the subject matter hereunder are merged herein. This Agreement may be executed in any number of counterparts, each of which so

executed shall be deemed to be an original. Such counterparts together shall constitute but one and the same Agreement which shall be evidence by any such signed counterpart.

24. Waiver. If any term or provision of this Agreement or application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby and each provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law. Failure of United or G-P to exercise a rights hereunder shall not constitute a waiver of any such rights upon the continuation or recurrence of the situation of contingency giving rise to such right.

25. Terminology. No reference shall be made and no significance given to paragraph titles contained in this Agreement. Where the context so permits, the singular shall include the plural and vice versa.

26. Benefit. Except as otherwise provided herein the covenant conditions and agreements contained in this Agreement shall bind and inure to the benefit of the parties, their successors and assigns to the extent permitted in Paragraph 19 hereof. Without limiting the generality of the foregoing, the indemnities of G-P contained in Paragraph 14 hereof shall apply to and inure to the benefit of any assignee of United, and if such assignee is a trustee under an indenture under which notes of United have been issued in connection with the financing of Cars, then to any holder of such notes.

27. Options. Unless G-P is in default under the provisions of this Agreement, G-P shall have:

(a) An option to extend the term of this Agreement as to all or any portion of the Cars then subject to it by notifying United in writing no fewer than ninety (90) days prior to the end of the original term or the extended term as the case may be. An extension pursuant to this option with respect to any Car shall be for a period of five (5) years and shall be upon all of the same terms and conditions provided herein except that (i) upon a second extension there shall be no further option to extend this Agreement and (ii) the Agreement shall terminate in all events upon the expiration of ten (10) years from the end of the original term; and

(b) The right to purchase the Cars at the expiration of the original term or at the expiration of the first or second extension of this Agreement, provided the term hereof has been extended by notice to United in writing no fewer than ninety (90) days prior to the last day of the original or extended term of this Agreement as the case may be. The purchase price shall be Twenty Two Thousand Five Hundred Eighteen Dollars (\$22,518) per Car if the option to purchase is exercised at the expiration of the original term; Eighteen Thousand Eighteen Dollars (\$18,018) per Car if it is exercised at the expiration of the first extension of the term of the Lease; and Thirteen Thousand Five Hundred Eighteen Dollars (\$13,518) per Car if it is exercised at the expiration of the second extension of the term of the Lease.

IN WITNESS WHEREOF, United and G-P have duly executed this Agreement as of this day and year first above written.

UNITED STATES RAILWAY LEASING
COMPANY "United"

By Ralph E. Hill
Vice President

ATTEST:

[Signature]
Asst. Sec.

GEORGIA-PACIFIC CORPORATION
"G-P"

By [Signature]
President

ATTEST:

[Signature]
Assistant Secretary

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

On this 19th day of March, 197⁴, before me personally appeared R. E. Beal to me personally known, who by me duly sworn, says that he is ^{Vice} President of the United States Railway L Company, and Paul B. Leach to me personally known to be the Asst. Secy. Secretary of said corporation, that the seal to the foregoing instrument is the corporate seal of said corporation, that instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Margaret E. Jan.
Notary Public
My Commission Expires June 11

STATE OF OREGON)
) ss.
COUNTY OF Multnomah)

On this 17th day of September, 1973, before me personally appeared R. B. Pamplin to me personally known, who being duly sworn, says that he is President of Georgia-Pacific Corporation and Frank G. Breuer to me personally known to be the Assistant Secretary of said corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

James M. Moore
Notary Public
My Commission Expires 2 April

EXHIBIT "A"

Lease dated September , 1973, by and between United States
Railway Leasing Company ("United") and Georgia-Pacific Corporation
("G-P")

TYPE AND DESCRIPTION OF CAR:

New All Door 52'5", 70 ton box cars not equipped
with interior air pack bulkheads having 10" end of
car cushioning per Southern Iron & Equipment Spec. 7/3

NUMBER OF CARS

50 (50)

REPORTING NUMBERS AND MARKS:

USLX - 50225 - 50274 inclusive

SPECIFICATIONS DESIGNATED BY G-P:

Fifty-two foot five inch (52'5") All Door box
cars, not equipment with interior air pack bulkheads.
Cars painted Du Pont 93-75067 and applied to G-P's
specifications as submitted to United.